

### REMARKS

This is in response to the office action of March 1, 2007.

Please amend the specification to correct typographic errors as shown on the page 2 hereof.

The claims are amended and remarks below are addressed to them as such.

The office action at section 2 states that applicants are reminded of the "need to explicitly point out where support for all the newly claimed features comes from, citing (when corrected for typos) MPEP 714.02 and MPEP 2163.06 and 37 CFR 1.111.

Applicants respond: They do not believe MPEP and Rule citations state such a requirement. The cited section requires support for changes in the disclosure. MPEP 714.02 Nonetheless, applicants respond as follows for the claims which were amended previously: The preponderance of the changes are (a) of the nature of editorial and clarifying or detailing or (b) reciting a feature which was already claimed in another claim. Thus, except for claim 3, applicants do not believe that they have introduced newly claimed features, considering the claims as a whole. Support for claim 3 is given below

### **Rejection under 35 USC 112**

Support for claim 3 is as follows: The exemplary means for receiving and contouring and transporting is applicator 32, shown in Fig. 1 and 2. How the applicator receives and contours labels (which are cut-off pieces of web) is described in the specification at page 4, first two full paragraphs and page 7 top "The labels are received and adhesively engaged by the applicator assembly 32, within which they are contoured and maintained and transported in contoured condition." See also specification last full paragraph on page 14, and especially last full paragraph, page 10, where how the labels are contoured is described as comprising an applicator which has the same type of essential construction as does the feeder.

Support for claim 16 and the spaced apart rings is in Fig. 22. See rings 94. See the related specification at page 13, first full paragraph.

Support for claim 18 and linear velocity is at pages 8-9; and linear velocity of the applicator means for receiving and transporting is specifically mentioned at page 8, line 6-8 of last paragraph.

Support for claim 19 is at page 5, first paragraph, page 7, second full paragraph.

Support for claim 28 is at page 16 bottom insofar as the function and sensors 86L and 86R of Fig. 17, page 18 first full paragraph and associated electronic component function charts of Fig. 19A to 19E.

In all instances, the feature is described in detail and extent for an artisan of ordinary skill to make the invention within the meaning of the enablement requirement.. If examiner maintains any rejection under 35 USC 112 relating to enablement, she is requested to state specifically why the description is insufficient.

Claim 32 was rejected at Page 5 for being incomplete. Examiner was correct and the claim was not properly written. It is now cancelled.

Applicants accept in most respect the characterization which examiner gives to the newly cited patents, and appreciate the obvious thoroughness with which examiner has considered the application and prior art.

### **Rejection under 35 USC 102**

Applicants submit argument just below with respect to the 35 USC 103 rejection. It is implicit in the argument which follows relative to 35 USC 103 that each and every element of the claimed invention is not shown in any reference cited for the 35 USC 102 rejection, which same references are also used to support the '103 rejection. Therefore, applicants incorporate by reference their arguments below in traverse of the 35 USC 102 rejection.

## **Rejection under 35 USC 103**

### Claims 1-15

Claims 6-15 and 22, 39 were objected to and indicated as being potentially allowable. Claim 6 has been re-written to contain limitations of base claim 1, and it should be allowable. Note that "belt means for feeding" has been changed to "means for feeding" at various places for internal consistency of the claims. Claim 1 has been cancelled. Certain claims depending from claim 6, e.g., claims 5, 7, 8, have been amended for clarity and definiteness. Thus objected-to claims 6-15 should be allowed.

The claims 2-5 are now amended to be dependent directly or indirectly from patentable claim 6; and they ought to be allowed.

Objected to claim 39 has been rewritten to depend from claim 6; so it includes all the limitations of base claim 1 and now-cancelled intervening claim 9. Thus, it should be allowed.

### Claims 16-22

Claims 17-22 are cancelled.

Claim 16 was rejected based on a combination of patents with particular reference to Fig. 7 of Phillipi '432. The claim has been amended so that the apparatus now includes sheet material/web positioned within the means for feeding, and the claim recites that the web is contacted by the belt and larger diameter rings on either side of the belt and that the web release side is convex. The claim should now be patentable for the following reasons.

First, the rejection was not sound because, while Phillipi shows a belt 11 with adjacent rings 81, the rings are smaller in diameter than the diameter of the belt at the roller. However,

applicants claim is to rings which are larger in diameter than the diameter of the belt.  
Therefore, Phillipi teaches away.

Second, by now including in the claim that the web which is convex on the release side (and thus concave on the adhesive side) and which has its adhesive side in contact with both the belt and the two rings, the claim is made more particular and the novelty and non-obviousness is emphasized. Support for "convex" is at page 10 top and a multiplicity of other places.

In comparison to the claim 16 invention, Phillipi shows the adhesive side with a concave contour and not in contact with the rings. Furthermore, Phillipi is not at all suggestive of the claimed invention, in that Phillip contours the web by means of a shoe (guide means) 41, and not by contact with a combination of belt and rings. See Phillipi Fig. 7.

#### Claims 23-38

Claims 23-25 relate to the particular cutter. Their dependency has been changed to claim 6, and they ought to at least be allowed because they comprise a nonobvious combination with the matter of the allowable claim 6, and obtain patentability therefrom.

Claims 26 is cancelled.

Claims 27-31 have changed dependency, and they now ought to be allowed for the same reasons as given for claims 23-25, as more particular embodiments of a patentable invention.

Claims 33-38 are cancelled.

Wherefore, applicants request consideration and allowance of the amended claims.

Respectfully submitted,  
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# U.S. Seeking Stricter Rules On Qualifying For a Patent

By STEVE LOHR

The Bush administration wants to revamp the nation's patent system, requiring better information from inventors and allowing public scrutiny of applications, according to the patent office's chief.

The goal, said Jon W. Dudas, director of the United States Patent and Trademark Office, is to improve the quality of patents and in the process curb the rising wave of patent disputes and lawsuits. The legal wrangling is often over broad descriptions of ideas or activities, so-called business methods, or software that contains only incremental changes over previous work.

"There ought to be a shared responsibility for patent quality among the patent office, the applicants and the public," Mr. Dudas said in an interview yesterday. "If everything is done right at the front end, we'll have to worry a lot less about litigation later."

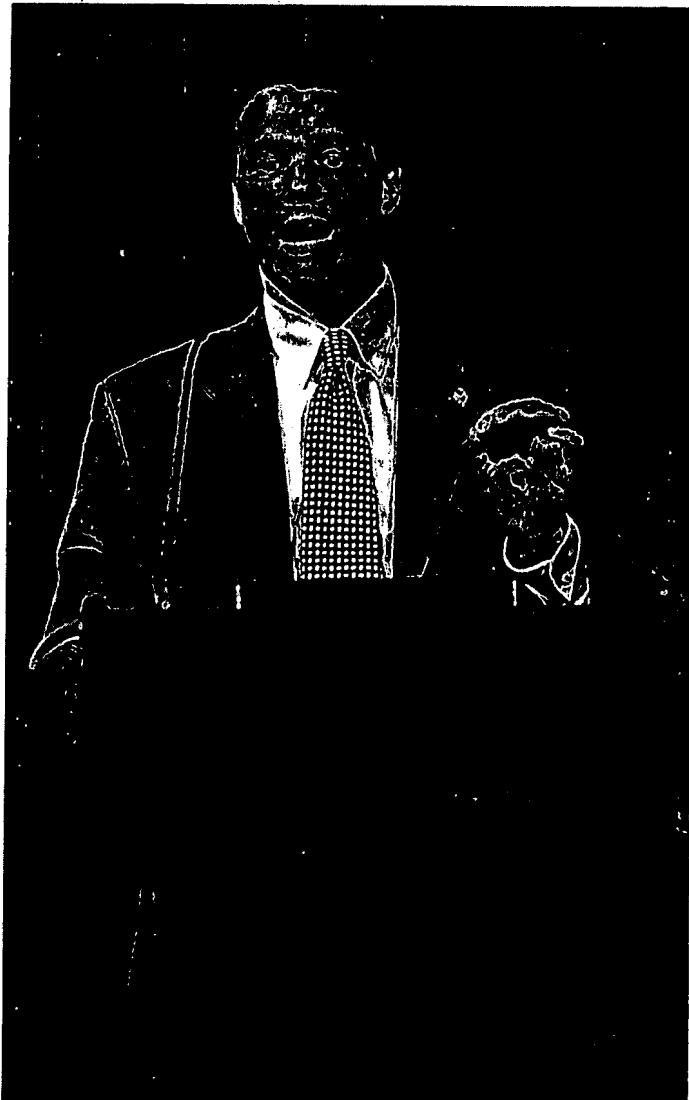
Some steps to improve patent quality will require changes in the law, said Mr. Dudas, who testified at a meeting of the Senate Judiciary Committee yesterday. Patent overhaul legislation has been introduced this year in both the Senate and the House, amid concern that the current overburdened, litigation-choked system is hampering innovation rather than encouraging it.

A crucial change, Mr. Dudas said, would be a legal clarification of what is required of patent applicants. Under current law, an inventor is required to explain why a product is sufficiently original to deserve the exclusive rights that patent protection carries. But the applicants have a lot of discretion.

The supporting information, Mr. Dudas said, ranges from "almost nothing" to what he called "malicious compliance," which he described as boxes and boxes of background information intended mainly to obscure the nugget of an invention.

Overhaul legislation, he said, should require the applicants to conduct a thorough search of related patents and technical journals, and then explain why the patent being sought represents a significant innovation beyond previous ideas in the field. The full-disclosure requirement, Mr. Dudas added, should not expose applicants to new risks of lawsuits from competitors, and such a safeguard, he said, should be written into any new patent law.

Mr. Dudas said legislation should also ensure that the search and information disclosures do not put an unfair burden on inventors who are not wealthy. Personal income, the number of patents filed and other gauges, he said, could be used to determine who would be exempt from certain requirements. "For the truly small inventor, we might do the



Elizabeth Dalziel/Associated Press

Jon Dudas, head of the Patent and Trademark Office, says applicants should have to explain how they are offering a significant innovation.

## Bills in Congress take aim at the petty, the incremental and the stuff of lawsuits.

search for them," he said.

The patent office is experimenting with the concept of opening the examination process to outsiders, inviting public peer reviews. On June 15, Mr. Dudas said, it will begin a pilot project for open reviews of software patents. The patents will be posted on a Web site, and members of the public with software expertise will be allowed to send the patent office technical references related to the patent claims.

But the pilot project applies only to applications in information technology, and only with the approval of the patent applicants. Public peer reviews without an applicant's approval would be required for legislative changes.

The patent office has been instituting its own quality initiatives in recent years. And it has hired more examiners, adding 1,200 last year to bring its staff above 5,000.

The percentage of patent applications approved in the first quarter this year was 49 percent, down from 72 percent in 2000. "We've taken steps, and the result has been that a lot more patents are rejected," Mr. Dudas said. "But those numbers also tell you there are a lot of bad patent applications."

Josh Lerner, a professor at Harvard Business School, said that the patent office had made an effort to improve patent quality in the last few years. But he asked whether Mr. Dudas's proposals amounted to relying too much on getting better information from applicants.

Professor Lerner said that inventors are instinctive optimists who tend to believe that what they are doing is unique. Yet even discounting any self-serving bias, he said, the growing complexity of technology makes it more difficult for a single person — applicant or examiner — to assess the innovative merit of a patent claim.

"That's why I think really opening the examination process to public peer review is so important," Professor Lerner said. "While the patent office has shown a willingness to experiment with openness, I would put that at the center."

# High Court Puts Limits On Patents

By LINDA GREENHOUSE

WASHINGTON, April 30 — The Supreme Court, in its most important patent ruling in years, on Monday raised the bar for obtaining patents on new products that combine elements of pre-existing inventions.

If the combination results from nothing more than "ordinary innovation" and "does no more than yield predictable results," the court said in a unanimous opinion, it is not entitled to the exclusive rights that patent protection conveys. "Were it otherwise," Justice Anthony M. Kennedy wrote in the opinion, "patents might stifle, rather than promote, the progress of useful arts."

Because most inventions combine previously known elements, the court's approach to deciding what sort of combination is so "obvious" as to be ineligible for patent protection will have widespread application. The result will be to make patents harder to obtain and defend.

"Granting patent protection to advances that would occur in the ordinary course without real innovation retards progress," Justice Kennedy said. He added that such patents were also undesirable because they might deprive earlier innovations of

"their value or utility."

Patent law experts said the ruling created a common sense standard that could have a broad impact.

"Nearly every patent that contains a combination of prior ideas is at risk because the court has dramatically broadened the standard of obviousness," said Cynthia Kernick, an intellectual property lawyer at Reed Smith in Pittsburgh.

Judges will have more leeway to dismiss patent infringement lawsuits without requiring a jury trial, and patent examiners, who generally grant patent applications unless they find prior references to the same invention, will now feel freer to deny claims, said Matthew Kreeger, an intellectual property lawyer at Morrison and Foerster in San Francisco.

"And we could see thousands of cases asking the Patent Office to re-examine patents it has already granted," said Mr. Kreeger, who was one of the lawyers who prepared a brief filed by the Biotechnology Industry Organization in support the patent.

To be eligible for a patent, an invention must be novel, useful and not

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"obvious" to a person of "ordinary skill" in the field. The Supreme Court case concerned a fairly typical dispute over whether a combination of old elements in a new way was new or simply "obvious" to any expert.

At issue was an adjustable gas pedal for use on cars and trucks equipped with electronic engine controls. How could the vehicle's computer tell the pedal's position? A Canadian company, KSR International, under contract to General Motors, solved the problem by mounting an electronic sensor at the pedal's fixed pivot point in order to communicate the necessary information.

A rival, Teleflex Inc., demanded royalties, claiming the device infringed its patent on an adjustable gas pedal equipped with an electronic sensor. KSR refused to pay on the ground that Teleflex had combined pre-existing elements in an obvious manner and that its patent was therefore invalid. KSR won in Federal District Court in Detroit, but that decision was overturned in 2005 by the United States Court of Ap-

peals for the Federal Circuit.

That court, in Washington, has exclusive jurisdiction over patent appeals. After years of permitting its judgments to stand unreviewed, the Supreme Court has begun to take an active interest in the Federal Circuit's cases and has overturned several, including a second case the justices decided on Monday in favor of Microsoft in a dispute with AT&T.

In granting judgment for KSR on Monday, in KSR International Co. v. Teleflex Inc., No. 04-1350, the Supreme Court listed several specific errors and "fundamental misunderstandings" in how the Federal Circuit had analyzed the case. In looking at the Teleflex patent, Justice Kennedy said, the appeals court made the mistake of considering what "a pedal designer writing on a blank slate" would have done to solve the problem of the pedal and the sensor. But the slate was not blank, he continued, and the Teleflex patent was essentially an upgrade of existing technology.

Justice Kennedy said the problem

was not necessarily the Federal Circuit's overall approach, but rather its rigid and mechanistic way of applying a commonly used legal test. The test requires a person challenging a patent as obvious to identify a reason that would have prompted someone to combine two or more previous inventions, such as published articles suggesting such a combination. This has made it difficult to attack a patent as obvious, and has often precluded summary judgment, instead requiring an expensive jury trial.

Justice Kennedy said that this test, in the Federal Circuit's hands, had led to a "constricted analysis" that paid too much attention to an inventor's motivation and too little to a simpler inquiry: whether "there existed at the time of invention a known problem for which there was an obvious solution." The Teleflex patent fit that description, he said.

The case had attracted a great deal of attention. The federal government, which had entered the case on the side of KSR, argued that the Federal Circuit's approach had led to the granting of too many patents to obvious inventions. Pharmaceutical and biotechnology industry groups, entering the case for Teleflex, argued that innovation would suffer if patents became too hard to defend.

In a sense, the case presented a moving target, because while the KSR appeal was pending, the Federal Circuit issued several decisions reflecting a new openness to challenges to patents as unworthy due to obviousness. "Those decisions, of course, are not before us now," Justice Kennedy said.

## Court Sides With Microsoft

WASHINGTON, April 30 (AP) — The Supreme Court sided with the Microsoft Corporation on Monday, finding that patent law does not apply to software sent to foreign countries.

In a 7-1 decision, the court rejected AT&T's position that it is entitled to damages for every Windows-based computer made outside the United States using technology that compresses speech into computer code.

AT&T had said computers running the Windows operating system infringed on its technology for a digital speech coder system.

The decision could affect other lawsuits against Microsoft and save it billions because of the global scope of its operations.

The Supreme Court said software should be treated like exported blueprints and schematics.

Supreme Court Limits New Patents Based on Previous Ideas